**Retail Pharmacy Market 2022**

**Growing, But With Growth Challenges**

According to US Census Bureau data, total 2021 retail sales at “health and personal care stores (NAICS 446) increased 9.7% from 2020, and 11.7% from 2019. Sales at “pharmacies and drug stores” (NAICS 44611) increased 7.7% and 14.2%, respectively.

Drug Channel Institute stated in its 2022 Economic Report $501 billion in US prescription revenues at retail pharmacy chains, grocery stores, mass merchandisers and online/mail-only outlets. The largest 15 US pharmacies had a 76.9% share.

The retail pharmacy market is extremely competitive, resulting in significant store closures because of over-building. Almost all prescriptions sold at a retail pharmacy are generic drugs, which have low prices and reimbursements from health/drug insurance providers.

**Comparison of Pharmacies and Drug Stores\* Sales, 2019–2021**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Period | 2021 Sales | Change from 2020 | Change from 2019 | Period | 2021 Sales | Change from 2020 | Change from 2019 |
| 1st Quarter | $76.86 B | +3.0% | +9.5% | 3rd Quarter | $81.49 B | +8.0% | +17.2% |
| 2nd Quarter | $80.79 B | +11.9% | +13.7% | 4th Quarter | $85.03 B | +8.2% | +16.7% |
| 1st Half | $157.65 B | +7.4% | +11.6% | 2nd Half | $166.51 B | +8.1% | +16.9% |
|  |  |  |  | 2021 (All) | $324.16 B | +7.7% | +14.2% |

US Census Bureau, March 2022 \*NAICS 44611

**Persistent Pressures on Independent Pharmacies**

In the latest data available (2020) from the National Community Pharmacists Association (NCPA), there were 19,397 independent pharmacy locations in the US, which represents more than one-third of all locations.

Despite the overwhelming competition from the major chains, grocery stores and mass merchants, independent pharmacies’ 2020 gross margin of 21.9% was within the range of the previous four years.

Administering COVID-19 vaccinations via the US government program has boosted all pharmacies’ revenues. They receive $40 for each vaccination with no charge for the supply.

**Pharmacies and Administration of COVID-19 Vaccines, March 2022**

|  |  |
| --- | --- |
| Metric | Percent |
| Children 5–11 have received their vaccination from a pharmacy. | 30%+ |
| Pharmacy COVID-19 vaccination sites are located in areas with high social vulnerability. | 50% |
| Pharmacy COVID-19 testing sites are in areas with moderate to severe social vulnerability. | 70% |
| Those vaccinated at pharmacies from racial and ethnic minority groups | 70% |
| A pharmacy within five miles of all Americans | 90% |

National Association of Chain Drug Stores, March 2022

**Threatened by the Online Beauty Products Channel**

Sales in the US online channel for beauty and personal care products increased 5.6% during 2020, but 5.3% during 2021 and is forecast to increase 5% during 2022. Offline sales have averaged a 1.2% decrease for each year from 2018 to 2021.

Retail e-commerce sales for the health, personal care and beauty sector are forecast to total $85.52 billion for 2022, a 16.7% increase from 2021, with another 15.9% increase for 2023 to a total of $99.12 billion.

According to The NPD Group, total 2021 sales for the US prestige beauty industry increased 30% YOY to a total of $22 billion. Consumers are buying more hair care, makeup and similar products because more of them are returning to workplaces and social activities.

**Personal Consumption Expenditures for Selected**

**Personal Care Products, 2021 Compared to 2020 and 2019**

|  |  |  |  |
| --- | --- | --- | --- |
| Product | 2021 | YOY Change from 2020 | YOY Change from 2019 |
| All personal care products | $164.72 B | +14.4% | +17.4% |
| Hair, dental, shaving and miscellaneous products | $89.36 B | +12.6% | +17.0% |
| Cosmetics, perfumes, bath and nail preparations and implements | $63.28 B | +16.8% | +16.3% |
| Electric appliances for personal care | $12.08 B | +15.5% | +27.6% |

Bureau of Economic Analysis, March 2022

**Supplements for Health and Sleep**

As part of their health and wellness strategy during the pandemic, 80% of Americans say they use supplements, according to The Council for Responsible Nutrition’s (CRN) 2021 Consumer Survey on Dietary Supplements, conducted during August 2021.

Vitamin D, zinc and vitamin C were three supplements increasing substantially from 2020 to 2021, or 10 percentage points, 7 percentage points and 5 percentage points, respectively.

*Nutrition Business Journal* estimates 2021 sales of sleep supplements increased 13.7% YOY to a total of $1.25 billion. Melatonin generated the most sales at $590 million, but combination herbal formulas increased the most at 117.3% YOY.

**Indices of Beauty Vertical Sales, Shopping Trips/Household and Spending/Trip for the Four Weeks of February 2022 Compared to Same Four Weeks of 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| Week ending: | Sales | Trips | Spending |
| February 6, 2022 | 109 | 103 | 110 |
| February 13, 2022 | 114 | 97 | 104 |
| February 20, 2022 | 110 | 98 | 102 |
| February 27, 2022 | 97 | 99 | 98 |

Numerator, March 2022

**The Drug Store Shopper**

A representative sample of The Media Audit’s 2021 consumer/market surveys shows the average age of adults 18+ who shopped at a drug store during the past four weeks was 48. Almost half (46.1%) of these adults are 50+, supporting the older skew of this audience.

The average household income of drug-store-shopping adults 18+ was a moderate $63,200, which is likely impacted by the many adults 50+ on fixed incomes. Men had a much larger average household income than women, or $68,100 and $59,000, respectively.

The table below of these older adults’ heavy exposure to media reveals some surprising results, such as audio streaming had the largest average index at 110. They also over-indexed for podcast listening at an average of 108.

**Indices of Adults 50+ Who Shopped at a Drug Store During the Past 4 Weeks**

**by Their Heavy Exposure to Media, in Selected Markets, 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Media | Pittsburgh | Des Moines, IA | Little Rock | Denver | Portland, OR |
| Radio | * 101 | * 115 | * 111 | * 103 | 108 |
| TV | * 104 | * 99 | * 99 | * 106 | * 98 |
| Newspaper | * 109 | * 112 | * 101 | * 112 | * 113 |
| Outdoor | * 95 | * 102 | * 115 | * 98 | * 103 |
| Direct mail | * 106 | * 111 | * 97 | * 106 | * 110 |
| Internet | * 102 | * 94 | * 99 | * 99 | * 103 |
| Social Media | * 101 | * 115 | * 105 | * 107 | * 106 |
| Audio streaming | * 112 | * 119 | * 102 | * 117 | * 101 |
| Podcast listening | 111 | * 108 | * 109 | * 92 | * 118 |
| Video streaming | * 98 | * 90 | * 115 | * 102 | * 103 |

Based on The Media Audit’s 2021 surveys (see page five for heavy exposure descriptions)

**Tracking Trends**

2022 data from The Centers for Medicare & Medicaid Services (CMS) indicates the three biggest supermarket chains (Albertsons, Kroger and Publix) were the preferred pharmacies for the largest share of Medicare Part D prescription drug plans.

Although there are several online digital pharmacies, they don’t have a significant market share; however, venture capital is fueling their growth. How and whether Amazon will affect the market substantially remains to be seen.

Walgreens is showing its commitment to a better environment and serving forward-leaning customers by partnering with Volta to have 1,000 of its DC fast-charging stations installed at more than 500 Walgreens locations across the US.

**More Valuable Insights**

With consumers even more focused on health and wellness during the pandemic, retail pharmacy chains benefited from their strategic addition of health services at many of their locations during the past few years.

According to the J.D. Power 2021 US Pharmacy Study, 51% of surveyed consumers said they had used those services during the past 12 months, as of May 2021.

**Retail Pharmacy Customer Satisfaction Index Rankings for**

**Brick-and-Mortar Pharmacy Channels, September–May 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| Brick-and-Mortar Chain Drug Stores | Score\* | Brick-and-Mortar Mass Merchandisers | Score\* |
| Good Neighbor Pharmacy | * 912 | * Sam’s Club | * 891 |
| Health Mart | * 891 | * CVS Inside Target | * 879 |
| Rite Aid Pharmacy | * 866 | * Costco | * 877 |
| Walgreens | * 860 | * Segment average | * 866 |
| Segment average | * 856 | * Walmart | * 856 |
| CVS Pharmacy | * 847 |  |  |

J.D. Power, August 2021 \*based on a 1,000-point scale

**Retail Pharmacy Customer Satisfaction Index Rankings for**

**Brick-and-Mortar Supermarkets and Mail Order, September–May 2020**

|  |  |  |  |
| --- | --- | --- | --- |
| Brick-and-Mortar Supermarkets | Score\* | Mail Order | Score\* |
| H-E-B | * 896 | * Humana Pharmacy | * 906 |
| * Wegmans | * 892 | * Kaiser Permanente Pharmacy | * 887 |
| * Stop & Shop | * 885 | * Aetna Rx Home Delivery | * 884 |
| * Publix | * 884 | * Express Scripts | * 878 |
| * Albertsons | * 882 | * Segment average | * 877 |
| * Winn-Dixie | * 868 | * OptumRx | * 870 |
| * ShopRite | * 867 | * Walmart Pharmacy Mail Services | * 862 |
| * Segment average | * 863 | * CVS Caremark | * 861 |
| * Fry’s Pharmacy | * 860 |  |  |
| * Kroger | * 855 |  |  |
| * Giant Eagle | * 850 |  |  |
| * Dillons | * 849 |  |  |
| * Hy-Vee | * 847 |  |  |
| * Safeway | * 836 |  |  |
| * King Soopers | * 822 |  |  |

J.D. Power, August 2021 \*based on a 1,000-point scale

**The Media Audit: Definitions of Heavy Exposure to Media, 2021**

|  |  |
| --- | --- |
| Media | Time |
| Radio | 180+ minutes during an average day |
| TV | 300+ minutes during an average day |
| Newspaper | 60+ minutes during an average day |
| Outdoor | 200+ miles during an average week |
| Direct mail | 75+ read weekly |
| Internet | 180+ minutes during a typical day |
| Social media | 180+ minutes during a typical day |
| Audio streaming | 180+ minutes during an average day |
| Podcast listening | 180+ minutes during a typical day |
| Video streaming | 180+ minutes during an average day |

*Sources:* US Census Bureau Website, 3/22; Drug Channels Institute Website, 3/22; National Association of Chain Drug Stores Website, 3/22; Common Thread Collective Website, 3/22; The NPD Group Website, 3/22; The Council for Responsible Nutrition Website, 3/22; *Drug Store News* Website, 3/22; Numerator Website, 3/22; The Media Audit Website, 3/22; J.D. Power Website, 3/22.

*Updated*: March 2022

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**Local Market and Station Information**